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LAFAYETTE TRAINING AND CAREER DEVELOPMENT CENTER, INC. FINANCIAL REPORT SEPTEMBER 30, 2004

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/22/05

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BROUSSARD, POCHÉ, LEWIS & BREAUX, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Retired:

Sidney L. Broussard, CPA* 1980 Leon K. Poché, CPA 1984 James H. Breaux, CPA 1987 Erma R. Walton, CPA 1988 George A. Lewis, CPA* 1992 Geraldine J. Wimberley, CPA* 1995 Larry G. Broussard, CPA* 1996 Lawrence A. Cramer, CPA* 1999 Ralph Friend, CPA* 2002 Eugene C. Gilder, CPA* 2004 INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lafayette Training and Career Development Center, Inc. Lafayette, Louisiana

We were engaged to audit the accompanying statement of financial position of Lafayette Training and Career Development Center, Inc. as of September 30, 2004, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management.

We were unable to determine the propriety of certain recorded expenses reflected in the statement of activities and whether such expenses are qualified expenses reimbursable under a Louisiana Department of Education grant. We were also unable to satisfy ourselves as to whether liabilities exist with regard to payroll taxes that should have been withheld from employees and for which employer related payroll taxes should have been paid by the Organization in compliance with Federal income tax regulations.

Because of the significance of the matters discussed in the preceding paragraph, the scope of our work was not sufficient, to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph.

In accordance with Government Auditing Standards, we have also issued a report dated May 11, 2005, on our consideration of Lafayette Training and Career Development Center, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards should be read in conjunction with this report considering the results of our audit.

Bransand, Poela; Lemis & Dream, LLP

Lafayette, Louisiana

May 11, 2005

STATEMENT OF FINANCIAL POSITION September 30, 2004

ASSETS

CURRENT ASSETS Cash	\$ 7,142
Due from executive director	2,159
Total assets	<u>\$_9,301</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accrued payroll	\$ 4,892
NET ASSETS	
Unrestricted	4,409
Total liabilities and net assets	<u>\$ 9,301</u>

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES Year Ended September 30, 2004

REVENUES, GAINS AND OTHER SUPPORT	
Grant revenue	\$78,732
Miscellaneous	23
Total revenues, gains	
and other support	\$78,755
EXPENSES Program expenses: Youth Development	72,638
Change in unrestricted net assets	\$ 6,117
Net assets, unrestricted, at beginning of year	(1,708)
Net assets, unrestricted, at end of year	\$ 4,409

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS Year Ended September 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES Change in net assets Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:						
Increase in due from executive director	(2,159)					
Increase in accrued payroll	<u>755</u>					
Net cash provided by operating activities	\$ 4,713					
CASH FLOWS FROM FINANCING ACTIVITIES Proceeds from loan Repayment of loan	\$ 3,000 (3,000)					
Net cash provided by financing activities	\$ -0-					
Net increase in cash	\$ 4,713					
Cash at beginning of year	2,429					
Cash at end of year	\$ 7,142					

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Lafayette Training and Career Development Center, Inc. (the "Organization") provides youth development training in the out-of-school hours for students.

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code.

Significant accounting policies:

Support and expenses -

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts -

The Organization has no trade accounts receivable. The amount due from the executive director is considered to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Donated services -

The Organization receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents -

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Natural Classification of Program Expenses

Expenses incurred were for the following for the year ended September 30, 2004:

Salaries	\$ 60,790
Supplies	4,914
Food and snacks	553
Education expense	1,063
Travel expense	2,319
Repairs	60
Telephone	268
Postage	211
Other	1,320
Bank fees	1,140



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OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL

To the Board of Directors of Lafayette Training and Career Development Center, Inc. Lafayette, Louisiana

We have audited the financial statements of Lafayette Training and Career Development Center, Inc. (a nonprofit organization) as of and for the year ended September 30, 2004, and have issued our report thereon dated May 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free οf material misstatement, we performed tests of its compliance with certain provisions οf laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts; providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express The results of our tests disclosed instances such an opinion. of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items #2004-7 through #2004-9.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting; however, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions

involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items #2004-1 through #2004-6.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses; however, of the reportable conditions above, we consider all items to be material weaknesses.

This report is intended solely for the information of management, others within the Organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bronsfard, Poele', Limi of Bream, LLP

Lafayette, Louisiana May 11, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended September 30, 2004

We have audited the financial statements of Lafayette Training and Career Development Center, Inc. as of and for the year ended September 30, 2004, and have issued our report thereon dated May 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2004 resulted in a qualified opinion.

Section I - Summary of Auditors' Reports

Α.	Report	on	Internal	Control	and	Compliance	Material	to	the	Financial	Statements

Internal Control

Material Weaknesses X Yes No
Reportable Conditions X Yes None Reported

Compliance

Compliance Material to Financial Statements X Yes No

Section II - Financial Statement Findings

#2004-1 Lack of Formal Accounting System and Internal Controls

Finding: The Organization lacks an accounting system that is sufficient to gather information necessary to prepare financial statements accurately and in accordance with generally accepted accounting principles.

In addition, the Organization has no system of internal controls. One person handles all aspects of the accounting function.

Recommendation: The Organization should implement an accounting system that will enable it to timely and accurately gather financial information necessary to prepare financial statements in accordance with generally accepted accounting principles, as well as a system of internal controls that provides the appropriate level of checks and balances.

Response: The Department of Education conducts an internal audit bi-annually. Reports of internal audits are furnished by the coordinator who conducts the internal audit bi-annually of all financial. Department of Education does not pay for any additional administrative support system other than the program director, part time. This will be communicated to the Department for further assessment and evaluation for the 2005-2006 fiscal year. The Organization will implement quick book tracking system for the 2005-2006 fiscal year, if software approved by Department of Education within financial budget.

#2004-2 Bank Statements Are Not Reconciled

Finding: The Organization's bank statements are not being reconciled to the check book balance.

Recommendation: Bank statements should be reconciled to the check book balance on a monthly basis.

Response: With previous contracts, reconciliation was not necessary. Organization will implement with any future contracts beginning 2005-2006 fiscal year.

#2004~3 Expense Reimbursement Not Properly Supported/Duplicate Reimbursement

Finding: The Executive Director pays for expenses on behalf of the Organization and reimburses herself. We noted one instance where the expenses that were reimbursed to the Executive Director were not properly supported.

In addition, we noted two separate instances where the Executive Director reimbursed herself twice for the same expense reimbursement. The amount over-reimbursed was \$2,159 which has been recorded in the statement of financial position as due from the Executive Director.

We noted one incident where a disbursement of \$800 was made out to cash for what was to have been a field trip. A letter was subsequently obtained from the Organization that received the money. Checks made out to cash should be discontinued and avoided.

Recommendation: Expenditures, including reimbursements, should be properly supported by invoices. The Executive Director should not pay for expenses on behalf of the Organization and then reimburse herself. She should also reimburse the Organization for amounts she was overpaid.

Response: Executive Director and other staff will no longer be able to utilize personal funds for purchases, other than travel, because these expenses are not paid until invoices and/or vouchers are received. The changes will be implemented immediately, effective June 1, 2005.

Reimbursements were not reissued directly to the Executive Director. The checks were issued to an account that the Director used to make the purchase of an office computer. A stop payment was issued on two checks that were presumably lost. Two new checks were issued. The bank ran the checks. The overpayment was not caught, until the audit was conducted. With bank reconciliation, these future problems can and will be resolved. Arrangements have been agreed upon by the Director and the Board, which is already in process.

Lafayette Consolidated Government does not accept organization checks for travel, therefore the check was written to cash at Bank One and cash money given directly to the supervisor, approved by the President, for a trip to New Orleans with a letter of confirmation as receipt which was attached to the document as confirmation of receipt of funds by the Director of Parks and Recreation. In some instance these circumstances cannot be avoided, therefore this will require further review by the Board, with a resolution to follow.

Additional information from Auditor: All original and duplicated reimbursements were made payable to the Director according to imaged checks as cleared on the bank statement. Check numbers 2040 and 2041 in the amounts of \$753.63 and \$1,404.96, respectively, were written on July 10, 2004 and cleared the bank on July 28, 2004. Duplicate payments were made with check numbers 2047 and 2048 in the amounts of \$1,404.96 and \$753.63, respectively, written on July 30, 2004 and were paid by the bank on August 5, 2004. No evidence to support stop payment charges could be located in the July or August 2004 bank statements of the auditee.

#2004-4 Payroll Procedures

Finding: When testing payments to employees, we noted one instance where an employee was paid for 25 hours; however, the staff sign-in sheet indicated that the employee worked 26.5 hours. We also noted that staff sign-in sheets are not approved by anyone before payment.

Recommendation: The Organization should implement procedures where someone approves staff sign-in sheets before payments are made to employees. In addition, someone should review staff sign-in sheets to ensure that employees are paid for the correct amount of hours.

Response: Staff sign-in with an administrative signature has been implemented in 2004-2005 fiscal year. The issue is already resolved.

#2004~5 Listing of Fixed Assets

Finding: The Organization has never taken an inventory of fixed assets nor have they tagged fixed assets when they were purchased.

In addition, all fixed assets purchased have been expensed instead of capitalized and depreciated over their useful lives.

Recommendation: The Organization should take an inventory of all fixed assets they own, tag the assets, and record them in their financial statements net of accumulated depreciation.

Response: This is not required by the Department of Education. All current and future assets will be listed, kept on file. Discussed with internal control coordinator (DOE) May 2005, and if required will provide any labels upon approval and recommendation.

#2004-6 In-Kind Donations

Finding: The Organization uses facilities rent free; however, no in-kind revenue has been recorded in the financial statements nor has the value of the donation been determined.

Recommendation: The Organization should track in-kind donations and assign values to them.

Response: Values are assigned on budget statement annually and are not required to include as monthly report.

#2004-7 Department of Education Contract

Finding: The Organization is required to submit a reimbursement claim form in order to receive funds under the contract. When testing the reimbursement claim forms, we noted several instances where the total students signed in on the sign-in sheets did not agree with the total number of students with hours reflected on the reimbursement claim form. We also noted a student on the reimburse claim form with hours that had not signed the sign-in sheet.

In addition, the Organization purchases snacks for students in addition to taking students on a field trip to a theme park. The contract doesn't specify whether snacks or field trips can be funded by grant proceeds funds.

Recommendation: The reimbursement claim forms should be completed accurately and should be reviewed by someone other than the person preparing them before submitting them for reimbursement. In addition, the Organization should contact the Department of Education to determine what expenditures qualify under the terms of the contract.

Response: Reimbursement claim forms resolved with new system (STARS). Snacks and field trips are approved in contract as a budgeted line item (Code 500 of contract). Contract already stipulates conditions of purchase, which meets compliance.

#2004-8 Employment Practices

Finding: The Organization does not treat full-time employees as such with respect to withholding of payroll taxes. Forms 1099 were issued to some employees; however, the payments were reported as other income instead of non-employee compensation.

In addition, the Executive Director withholds income tax amounts from her payroll check from time to time; but, amounts withheld are not reconciled to the amounts remitted. The Executive Director is a full time employee, and as such should be subject to withholding of Social Security and Medicare payments from her salary, in addition to matching contributions from the Organization. There are very likely other employees that should be treated similarly as employees, as opposed to independent contractors as noted above.

Recommendation: If a person providing services to the Organization meets the requirements of treatment as an employee, the Organization should account for payroll taxes as such and begin withholding the proper amount of payroll taxes from their paychecks and payroll reports should be prepared. Amounts withheld from payroll checks should be reconciled to amounts remitted. The Organization should likewise apply for a Louisiana identification number for payroll tax purposes.

Response: These findings (tax withholding) will be evaluated and changes made accordingly with the assistance of CPA for all employees payroll. Reconciliation will be performed with review by accountant. Future contract will include budget for CPA review and handling of financial accounts. Louisiana identification code already exists. Director of the Organization is not a full time position and is only required to work in this capacity 15 hours

a week/flexible schedule. All staff members are 12 hour a week employees. The Department of Education does not reimburse for full time employees.

#2004-9 Audit Submission

Finding: State law requires audit reports to be completed and submitted six months after the fiscal year end. The Organization's audit report was not complete until after the deadline imposed by State law.

Recommendation: In the future, the audit report should be completed and submitted within the time required by State law.

Response: Department of Education provides a list of financial statements and information required by law for operating the program. The information required by law is implemented and reviewed by the state internal control bi-annually and a report of findings submitted. Reimbursement claim forms are reviewed monthly by (DOE) appropriation department before disbursements are made. For the 2004-2005 fiscal year, most of the recommendations have been resolved with new systems (reimbursement claims, etc.). A copy of the Department of Education financial requirements will accompany future audits. The Organization will make every attempt to fulfill all recommendations, although some are not required by the contract, beginning immediately.